

SPECIAL

BOSTON MUNICIPAL RESEARCH BUREAU

333 Washington Street, Suite 854, Boston, Massachusetts 02108 617.227.1900

REPORT

May 11, 2004

No. 04-3

BOSTON'S WORKFORCE AT LOWEST LEVEL IN SEVEN YEARS

Boston's city-funded municipal workforce stood at 16,049 FTEs in January 2004, its lowest level since 1997. The workforce decreased by 1,042 or 6.1% from 2003, marking the second consecutive year of employee reductions that matched the timing of decreased state aid for Boston. From fiscal 1997 through fiscal 2002, a growing economy and increases in Boston's state aid at an average annual rate of 5.5% contributed to a rise in Boston's municipal workforce at an average annual rate of 2.5%. Faced with the need to reduce spending quickly when the economy softened and state aid decreased by 8.0% in fiscal 2003, the Administration's first response was to reduce employee levels since personnel expenses account for 67.2% of the total budget. The cumulative reduction from 2002 to 2004 has shrunk the workforce by 8.7% in the past two years. A combination of actions were used to achieve this reduction, including attrition, a hiring freeze, layoffs, and two retirement incentive programs. Since initial estimates for fiscal 2005 indicate state aid will be stable, reductions to the workforce likely will stop. Even so, previously stated cost-saving goals should continue to be implemented. In this report, workforce totals are reported as of January of each year, and employees are reported in full-time equivalency (FTE) positions.

The impact of the reductions over the past two years has challenged the ability of city officials to deliver services, but it has not resulted in major disruptions of basic services. The most significant reductions in staff have occurred among the larger departments, including the School Department (-717), the Police Department (-182), the Boston Public Library (-152), the Fire Department (-87), and Boston Centers for Youth & Families (-66). Department officials have been able to manage through the reductions judiciously, although some departments have consolidated their resources and have been providing some services with reduced regularity.

BOSTON PUBLIC SCHOOLS

The BPS has sustained a cumulative reduction of 717 FTEs since 2002, but 90.3% of that cut occurred during 2003. In the past year, the BPS workforce has been reduced by 647, representing 7.6% of its workforce, the largest annual reduction in many years. The vast majority of the decrease, 79.5%, occurred among the instructional staff of teachers and classroom paraprofessionals. Bilingual staff experienced the most significant reduction, 289 or 42.8%, due to the implementation of an immersion program for English language learners. The overall loss of academic staff, while limiting the department's ability to deliver important supplementary services, is a consequence of large growth in this area over the previous six years. From 1997 to 2003, the BPS increased its staff of teachers by 520 and paraprofessionals by 99, combining for 66.7% of the department's new staff.

While city officials were able to absorb reductions in state aid during fiscal 2003 with only marginal impact to the BPS, the cuts in fiscal 2004 were more difficult to manage without impacting services. Fiscal 2004 marks the first time the BPS has reduced its complement of teachers since 1993, and the result has been noticeable on both the staff and students. While officials tried to absorb some of the burden with reductions among central office personnel, individual schools have not avoided the effect as they have

CITY of BOSTON PERSONNEL SUMMARY

JANUARY 2002 - JANUARY 2004

Figures reported in FTEs

CITY FUNDED

DEPARTMENT	2002	2003	2004	'02-'04 VARIANCE	'02-'04 %
SCHOOLS	8,509	8,440	7,793	(717)	-8.4%
POLICE	2,964	2,895	2,782	(182)	-6.1%
FIRE	1,698	1,713	1,611	(87)	-5.1%
LIBRARY	575	475	423	(152)	-26.5%
PUBLIC WORKS	407	384	369	(38)	-9.3%
TRANSPORTATION	439	386	385	(54)	-12.3%
BCYF	402	375	335	(66)	-16.5%
PUBLIC HEALTH COMM.	768	745	728	(40)	-5.2%
ALL OTHERS	1,809	1,679	1,624	(185)	-10.2%
TOTAL CITY	17,571	17,091	16,049	(1,522)	-8.7%
CHANGE / PRIOR YEAR	88	(480)	(1,042)		
% CHANGE	0.5%	-2.7%	-6.1%		

* Numbers may not add due to rounding.

PUBLIC SAFETY PERSONNEL

The Police and Fire Departments (BPD and BFD, respectively) in responding to declining levels of uniformed forces, have been able to avoid impacting emergency services by redeploying personnel from support and administrative positions into the field divisions. In particular, the BPD has been successful implementing recommendations to hire civilians to perform support services that historically have been performed by uniformed staff at greater cost to the department. There are outstanding recommendations to increase efficiency in both departments that should be pursued. During current negotiations, city officials should push for contracts that will facilitate the implementation of these recommendations. Initial budget plans for FY05 call for two new classes of recruits that will replace departed staff in each department, but department officials should demonstrate that efficiency initiatives are still a priority.

BFD & BPD Uniformed Force Changes 2002-2004

				'02 - '04	%
BFD	2002	2003	2004	Change	Change
Superior Officers	362	377	369	7	1.9%
Firefighters	1,194	1,189	1,107	(87)	-7.3%
Total	1,556	1,566	1,476	(80)	-5.1%
BPD	2002	2003	2004	Change	Change
Superior Officers	427	404	363	(64)	-15.0%
Detectives	276	270	247	(29)	-10.5%
Police Officers	1,415	1,410	1,375	(40)	-2.8%
Total	2,118	2,084	1,985	(133)	-6.3%

* These figures represent actual employees, not FTEs.

struggled with meeting their own reduced budgets. Schools have experienced reductions in supplementary programs, including math and reading transition services, before and after school programs, and high school electives. Lunch monitors and bus monitors also were reduced, and are slated for further reductions under the fiscal 2005 budget.

GRANT FUNDS

Boston's employees funded exclusively through federal and state grants totaled 2,684, a decrease of 231 or 7.9% since 2002. Like the employees funded through the General Fund, grant-funded employees had been rising steadily in the years preceding the fall in state aid. The BPS (-59) and the Suffolk County Sheriff's Department (-179), which is funded almost exclusively through grant funds, sustained the largest reductions. The grant-funded employees, when combined with those funded through general funds, produced an all-funds total of 18,733 in 2004, a combined reduction of 1,753 or 8.6% from 2002.

PERSONNEL SPENDING

Spending for personnel continues to increase, even while the workforce has receded. Overall spending for employees increased by \$28.6 million since fiscal 2002, a jump of 2.3%. Benefits costs are the clear driver behind the increase, rising by \$56.7 million or 18.5% since fiscal 2002. The primary cause of benefits' growth is the escalating costs of health insurance, which have increased by \$33.8 million or 24.3% during the same time span.

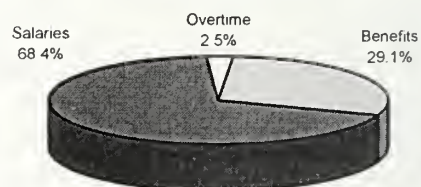
A decrease in salary expenses represents the most significant change in the personnel budget. A two-year reduction of \$13.6 million or 1.6% was driven by the salary decrease of \$32.2 million or 3.6% from fiscal 2003 to fiscal 2004. Even though the workforce shrank by 6.1% in 2003, the corresponding reduction in salaries was only 3.6% because many employees have received previously negotiated raises in salary steps.

In the fiscal 2004 budget, personnel spending of \$1.24 billion represents 67.2% of the total. Included in personnel spending are salaries at \$850.8 million or 68.4% of the total, benefits at \$362.4 million or 29.1%, and overtime at \$31 million or 2.2%.

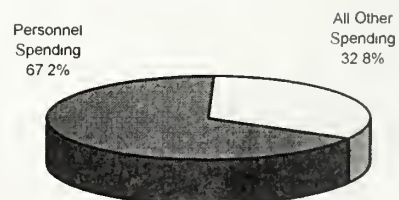
CONCLUSION

Since Boston's fiscal 2005 budget is based on stable state aid, workforce reductions are not expected to continue. Late in 2003 departments began filling positions that had been vacant, and that policy has continued into 2004. City officials' willingness to plan two public safety classes in the fall and two more in the spring shows their confidence in the fiscal 2005 budget. Any additions to the workforce in 2004, however, should occur under the context of implementing, and not abandoning, previously identified efficiency goals.

City of Boston Fiscal 2004 Personnel Spending



Total Budget



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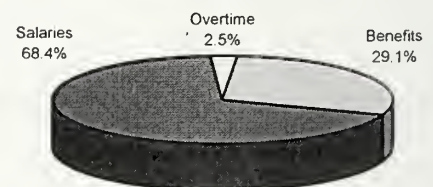
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